

Consolidated Business Results for the Six Months Ended September 30, 2014 **REPORTED BY KOMORI CORPORATION (Japanese GAAP)**

October 30, 2014

Company name: KOMORI CORPORATION
Securities code: 6349 (Tokyo Stock Exchange)
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Preparation of supplementary materials for quarterly financial results: Yes
Holding of presentation meeting for quarterly financial results: Yes (for securities analysts only)

1. Consolidated Business Results for the Second Quarter (April 1, 2014 to September 30, 2014)

(1) Results of operations (In millions of yen, rounded down)

	Six months ended September 30, 2014	%	Six months ended September 30, 2013	%
Net sales	40,042	(2.0)	40,872	37.4
Operating income	2,191	(34.9)	3,364	-
Ordinary income	2,746	(34.9)	4,218	-
Net income	2,850	(29.9)	4,067	-

(Yen)

Net income per share	46.00	65.64
Diluted net income per share	-	-

Notes:

1. Comprehensive income:

Six months ended September 30, 2014: 3,855 million yen (15.9) %

Six months ended September 30, 2013: 4,587 million yen - %

2. Percentage figures accompanying consolidated net sales indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

(2) Financial position (In millions of yen, rounded down)

	September 30, 2014	March 31, 2014
Total assets	178,524	172,407
Net assets	128,972	125,686
Equity ratio (%)	72.2	72.9

Reference:

Equity as of: September 30, 2014: 128,972 million yen
March 31, 2014: 125,686 million yen

2. Dividends

(Yen)

	Fiscal year ended March 31, 2014	Fiscal year ending March 31, 2015	Fiscal year ending March 31, 2015 (Forecast)
Cash dividends per share			
First quarter period-end dividends	-	-	-
Second quarter period-end dividends	5.00	10.00	-
Third quarter period-end dividends	-	-	-
Year-end dividends	10.00	-	10.00
Annual cash dividends	15.00	-	20.00

Note: Revision to the latest dividend forecast announced in May 2014: None

3. Forecast of Consolidated Business Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(In millions of yen, rounded down)

	Fiscal year ending March 31, 2015	%
Net sales	95,000	3.4
Operating income	6,500	(23.3)
Ordinary income	6,500	(35.6)
Net income	5,900	(56.8)
(Yen)		
Net income per share	95.21	

Notes:

1. Revision to the latest forecast of consolidated business results announced in October 2014: None
2. Percentage figures in the above table indicate the percentage increase/decrease from the corresponding period of the previous fiscal year.

*Notes

(1) Changes in significant subsidiaries during the period under review: None

Note: Indicates changes in the scope of consolidation accompanying changes in specified subsidiaries during the period under review

(2) Adoption of the simplified accounting and special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies; changes in accounting estimates; restatements

1. Changes in accounting policies accompanying revisions to accounting standards: Yes
2. Changes other than those in item 1. above: Yes
3. Changes in accounting estimates: Yes
4. Restatements: None

Note: Indicates changes under Article 10-5 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Financial Statements, etc. For further information, please refer to "1. Items Regarding Summary (and Notes) Information" on page 4.

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock) as of:
 - September 30, 2014: 68,292,340 shares
 - March 31, 2014: 68,292,340 shares
2. Number of treasury shares as of:
 - September 30, 2014: 6,326,212 shares
 - March 31, 2014: 6,326,071 shares
3. Average number of shares during the period
 - Six months ended June 30, 2014: 61,966,225 shares
 - Six months ended June 30, 2013: 61,967,839 shares

* Implementation status of quarterly review

This quarterly financial flash report (KESSAN TANSIN) is not subject to the review procedure by certified public accountants or auditing firm, as is required under the Financial Instruments and Exchange Law of Japan. Nevertheless, as of the date of announcement of this report, the review of the quarterly financial statements contained herein is in progress.

* Disclaimer regarding the appropriate use of performance forecasts and other remarks

The aforementioned forecasts are based on management's assumptions and beliefs held in light of information currently available to it and accordingly involve risks and uncertainties that may cause actual results to differ materially from forecasts. These uncertainties include, but are not limited to, changes in economic conditions, market trends, changes in foreign currency exchange rates and other factors.

Materials for summary result presentation in Japanese will be disclosed through the Tokyo Stock Exchange's Timely Disclosure Network, known as TDnet, on October 31, 2014. The same materials will be posted on Komori's website. Also, English translation of these materials will be posted on the Company's website at: http://www.komori.com/contents_com/ir/index.htm

(English translation of "KESSAN TANSIN" originally issued in Japanese.)

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1. Items Regarding Summary (and Notes) Information

(1) Changes in Accounting Policies, Accounting Estimates and Restatement

(Changes in Accounting Policies Accompanying Revisions to Accounting Standards)

(Adoption of Accounting Standard for Retirement Benefits, etc.)

From the first quarter of the fiscal year ending March 31, 2015, the Company has adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ), Statement No. 26, issued on May 17, 2012; hereinafter “Retirement Benefits Accounting Standards”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter the “Guidance”), including the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance. Accordingly, the Company revised its methods for calculating retirement benefit liabilities and service cost, and changed its method of attributing projected retirement benefits to periods from a straight-line basis to a benefit formula basis. Moreover, although the discount rate had been calculated based on the number that approximates employees’ average remaining years of service, the Company has decided to determine the discount rate by using the single weighted-average rate that reflects the projected payment periods of retirement benefits and projected payment amount per such period.

In addition, the adoption of the Retirement Benefits Accounting Standards and their Guidance is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards. Accordingly, the Company made adjustments in the retained earnings recorded at the beginning of this quarter by taking into consideration the impact of the aforementioned changes in the calculation methods for retirement benefit liabilities and service cost.

As a result, as of the beginning of the first quarter of fiscal year ending March 31, 2015, net defined benefit liabilities decreased 49 million yen, while retained earnings increased by the same amount. In addition, the impact of the aforementioned changes in accounting method on operating income, ordinary income and income before income taxes during this quarter is minor.

(1) Changes in Accounting Policies, Accounting Estimates and Restatement

(Changes in Accounting Estimates and Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates)

(Changes in Depreciation Method and Useful Lives of Property, Plant and Equipment)

Previously, the depreciation of property, plant and equipment had been calculated using mainly the declining balance method (excluding the depreciation of property, plant and equipment held by overseas consolidated subsidiaries). However, after introducing a system to administrate noncurrent assets held by Komori Corporation and its domestic subsidiaries, the Company conducted surveys on the actual status of use of such assets. Taking into consideration results gleaned from these surveys and recent changes in the Komori Group's businesses and its operating environment, a review was then carried out on depreciation methods for property, plant and equipment used by Komori Corporation and its domestic consolidated subsidiaries. Following the review, the Company predicted that property, plant and equipment held by each subsidiary will be used equally over each fiscal period during their useful lives, expecting continued steady demand for offset printing presses going forward.

Giving comprehensive consideration to the above factors, in this quarter, the Company changed its method for the depreciation of property, plant and equipment from the declining balance method to the straight line method based on the conclusion that the latter better reflects the actual status of the Group's operations in accounting results.

In conjunction with the abovementioned changes in depreciation method, in this quarter, Komori Corporation and its domestic consolidated subsidiaries have also made changes in the useful lives set for part of their property, plant and equipment in line with the actual status of their operations, with comprehensive consideration given to the usage period and payback period of their manufacturing facilities.

As a result, as of the beginning of the second quarter of fiscal year ending March 31, 2015, operating income, ordinary income and income before income taxes each increased 189 million yen compared with their respective values calculated using the conventional accounting methods.

2. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	(In millions of yen)	
	Fiscal 2014	Fiscal 2015
	(March 31, 2014)	(September 30, 2014)
(ASSETS)		
Current Assets:		
Cash and deposits	43,973	43,330
Notes and accounts receivable-trade	24,730	20,965
Short-term investment securities	22,013	19,009
Merchandise and finished goods	10,927	15,357
Work in process	8,346	9,575
Raw materials and supplies	6,623	7,214
Other	7,457	9,037
Allowance for doubtful accounts	(270)	(238)
Total current assets	123,800	124,251
Noncurrent Assets:		
Property, plant and equipment		
Land	17,444	18,427
Other, net	14,595	15,489
Total property, plant and equipment	32,040	33,916
Intangible assets	2,290	3,064
Investments and other assets	14,276	17,292
Total noncurrent assets	48,606	54,272
Total Assets	172,407	178,524

“KESSAN TANSIN” originally issued in Japanese.)

(1) Consolidated Balance Sheets

	(In millions of yen)	
	Fiscal 2014	Fiscal 2015
	(March 31, 2014)	(September 30, 2014)
(LIABILITIES)		
Current Liabilities:		
Notes and accounts payable-trade	11,994	13,542
Electronically recorded obligations-operating	5,936	6,271
Short-term loans payable	1,614	1,683
Income taxes payable	1,071	416
Provision for loss on guarantees	596	517
Other provision	1,926	1,924
Other	9,478	10,390
Total current liabilities	32,617	34,747
Noncurrent Liabilities:		
Bonds payable	10,000	10,000
Long-term loans payable	-	62
Net defined benefit liability	2,500	2,629
Provision	16	39
Other	1,585	2,072
Total noncurrent liabilities	14,103	14,804
Total Liabilities	46,720	49,551
(NET ASSETS)		
Shareholders' Equity:		
Capital stock	37,714	37,714
Capital surplus	37,797	37,797
Retained earnings	55,305	57,585
Treasury stock	(4,953)	(4,953)
Total shareholders' equity	125,864	128,144
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	2,249	2,723
Foreign currency translation adjustment	(643)	(202)
Remeasurements of defined benefit plans	(1,783)	(1,693)
Total other comprehensive income	(177)	828
Total Net Assets	125,686	128,972
Total Liabilities and Net Assets	172,407	178,524

(English translation of "KESSAN TANSIN" originally issued in Japanese.)

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

For the six months ended September 30, 2014 and 2013

	(In millions of yen)	
	Fiscal 2014	Fiscal 2015
	(April 1, 2013 to September 30, 2013)	(April 1, 2014 to September 30, 2014)
Net Sales	40,872	40,042
Cost of Sales	27,009	26,397
Reversal of unrealized income on installment sales	20	12
Gross profit	13,884	13,657
Selling, General and Administrative Expenses	10,519	11,465
Operating Income	3,364	2,191
Non-Operating Income		
Interest income	41	61
Dividends income	96	108
Foreign exchange gains	628	290
Other	296	228
Total non-operating income	1,063	688
Non-Operating Expenses		
Interest expenses	27	49
Loss on disposal of inventories	101	-
Compensation for damage	27	33
Other	53	50
Total non-operating expenses	209	133
Ordinary income	4,218	2,746
Extraordinary Income		
Gain on sales of noncurrent assets	2	5
Total extraordinary income	2	5
Extraordinary Loss		
Loss on sales of noncurrent assets	-	0
Loss on retirement of noncurrent assets	0	1
Loss on valuation of investment securities	12	-
Total extraordinary loss	12	2
Income before income taxes	4,208	2,750
Income taxes-current	451	343
Income taxes-deferred	(310)	(444)
Total income taxes	140	(100)
Income before minority interests	4,067	2,850
Net income	4,067	2,850

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Consolidated Statements of Comprehensive Income

For the six months ended September 30, 2014 and 2013

(In millions of yen)

	Fiscal 2014	Fiscal 2015
	(April 1, 2013 to September 30, 2013)	(April 1, 2014 to September 30, 2014)
Income before Minority Interests	4,067	2,850
Other comprehensive income		
Valuation difference on available-for-sale securities	316	474
Deferred gains or losses on hedges	13	-
Foreign currency translation adjustment	190	440
Remeasurements of defined benefit plans, net of tax	-	90
Total other comprehensive income	520	1,005
Comprehensive Income	4,587	3,855
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	4,587	3,855

(English translation of "KESSAN TANSIN" originally issued in Japanese.)

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes on Premise as a Going Concern)

None

(Notes in the Case of a Significant Change in Shareholders' Equity)

None